

**REDEVELOPMENT PLAN FOR
THE ARBOR VIEW REDEVELOPMENT PROJECT
NORFOLK, NEBRASKA**

**PREPARED OCTOBER, 2019
BY GRANVILLE CUSTOM HOMES, INC.**

A. Introduction

This Redevelopment Plan for a blighted and substandard area of the City of Norfolk, Nebraska ("Redevelopment Plan") is a guide for redevelopment activities to remove or eliminate blight and substandard conditions within the City of Norfolk, Nebraska ("City"). The Mayor and City Council of the City (the "Council"), recognizing that blighted and substandard conditions are a threat to the continued stability and vitality of the City, designated certain areas of the City to be blighted and substandard and in need of redevelopment pursuant to the requirements of the Nebraska Community Development Law, sections 18-2101 et. seq., as amended (the "Act").

This Redevelopment Plan submits the phased implementation of a redevelopment project in a blighted and substandard community redevelopment area (the "Redevelopment Area") to optimize the tax increment financing ("TIF") resources available for site acquisition, construction of eligible public improvements, and to remove existing and avoid future blighted and substandard conditions. This Redevelopment Plan contemplates the phased construction of approximately 13 single-family homes within the Redevelopment Area (such public and private improvements required therefrom are collectively referred to herein as the "Redevelopment Project").

B. Project Site; Existing Conditions

Exhibit "A", attached hereto and incorporated herein, sets forth the boundaries and existing conditions of the area to be developed as part of the Redevelopment Project (the "Project Site"). The Project Site is completely engrossed within the blighted and substandard Redevelopment Area and is in need of redevelopment.

C. Conformance with the Comprehensive Plan

In accordance with the Act, this Redevelopment Plan has been designed to conform to the City's adopted Comprehensive Plan (the "Comprehensive Plan"). Currently zoned as R-1, the Project Site will not require a change of zoning to allow the single-family housing. Exhibit "B", attached hereto and incorporated herein, shows a portion of the future land use map (showing the Project Site and surrounding areas) included within the City's comprehensive plan. The map sets forth an R-1 (single-family residential) designation for future land use of the Project Site.

This Redevelopment Plan was developed on the basis of the goals, policies and actions adopted by the City for the community as a whole and for the Redevelopment Area and Project Site. General goals, policies and actions relating to the community as a whole and for the Redevelopment Area (inclusive of the Project Site) are contained in the Comprehensive Plan. The Norfolk Community Housing Study, December 2016, as amended December 2018, indicates

the City requires 406 new owner housing units in the City for all age and income sectors, with varied, affordable price products. As such, the single-family homes contemplated as part of the Redevelopment Project will increase the supply of affordable housing in compliance with the Comprehensive Plan's stated goals.

In accordance with the foregoing, this Redevelopment Plan is feasible and in conformity with the Comprehensive Plan as a whole and conforms to the legislative declarations and determinations set forth in the Act.

D. Redevelopment Project Overview

The Project Site is located to the east and northeast of E. Bluff Avenue on the west side of the North Fork of the Elkhorn River on a vacant parcel of land. The Redevelopment Project is adjacent to the Nor-Park redevelopment project and will be a complimentary extension and continuation of the redevelopment efforts made in this area. The Redevelopment Project will consist of constructing approximately 13 single-family homes over the course of multiple phases/years. The homes will be situated on smaller lots, contributing to their affordability for the City's workforce population. The small lot sizes maximize density for single-family homes and are ideally sized for affordable housing. While Redeveloper is not pursuing a grant for the same, Redeveloper intends for the homes to meet the cost criteria of "Rural Workforce Housing" under Nebraska law.

Redeveloper does not yet own the real property within the Project Site but has entered into option purchase agreements with the current owners. Redeveloper intends to execute its option subsequent to approval of this Redevelopment Plan and a redevelopment contract. No public acquisition of the Project Site is anticipated. Additionally, no families will be displaced as a result of the Redevelopment Project.

The Redevelopment Project will require infrastructure improvements and other public and private improvements which are not financially feasible to undertake at one time. Completing the Redevelopment Project in phases will allow the Redeveloper to maximize the TIF resources available for public improvements, which will be necessary for the Redevelopment Project to succeed. Further, implementation of the Redevelopment Project in multiple phases will allow Redeveloper to construct the private improvements at a rate that the market can support, and to adapt subsequent phases of the project to the changing needs of the City. The Community Development Agency for the City (the "Agency") and Redeveloper anticipate that Redeveloper will construct the Redevelopment Project in three phases consisting of the following private improvements:

"Phase One": Construction of approximately 4 single-family homes.

"Phase Two": Construction of approximately 4 single-family homes.

"Phase Three": Construction of approximately 5 single-family homes.

Each phase may be further divided into sub-phases based upon the rate of construction, such that the "effective date" (as provided under section 18-2147 of the Act) for purposes of TIF will be determined on a lot by lot basis in order to maximize the TIF proceeds available to help finance the public improvements. While the market will determine the actual completion schedule for each phase, Redeveloper anticipates that the buildout of each phase will take one year. However, the Redevelopment Project requires flexibility and may have more or less sub-phases over the course of additional years.

Exhibit "C", attached hereto and incorporated herein, sets forth the proposed site plan. Subsequent to the approval of this Redevelopment Plan, Redeveloper intends to re-plat the Project Site in the manner shown thereon. While Redeveloper anticipates the construction of 13 single-family homes, the irregular shape of the Project Site may allow for more or less lots (and associated homes), as will be determined by the re-plat. Any such increases or decreases in lots (and associated homes) resulting from the re-plat of the Project Site are specifically contemplated by this Redevelopment Plan and in conformance herewith.

E. Existing Conditions

1. Existing Land Use

The Project Site consists of vacant, undeveloped land.

2. Existing Zoning

The Project Site is currently zoned as R-1 (single-family residential). R-1 zoning allows for single-family residences. Accordingly, a zoning change is not required.

3. Existing Public Improvements

Public access to the Project Site is currently non-existent. However, streets will be extended into portions of the Project Site as part of the adjacent Nor-Park subdivision. Other portions of the Project Site are without paving, sewer, water, storm sewer, electrical service, public walks, and related infrastructure.

F. Proposed Redevelopment

1. Public Improvements

The Redevelopment Project will require significant infrastructure improvements and other public improvements. These improvements will include, but are not limited to:

a. Public Access; Traffic Flow, Street Layouts and Street Grades

The Project Site will require additional public roadways, as there is currently not access to serve portions of the Project Site. As shown on Exhibit "C", the development includes the extension of East Bluff Avenue to serve eastern residential lots and provide access to the planned City Park in this area. The south portion of the street extension will take place on City owned property and will provide on-street parking for the City Park. Redeveloper intends to construct the streets in Phase One of the Redevelopment Project. Redeveloper will also construct the public sidewalks within the Project Site. The public improvements for the Redevelopment Project will address any traffic and street infrastructure concerns that would otherwise be created by the Redevelopment Project. All streets and other public infrastructure constructed by Redeveloper will be subject to review and approval by the City's engineer or other designee of the City.

b. Construction of Water and Sewer Improvements.

Redeveloper will construct or extend water and sewer systems to provide appropriate service to the Project Site; and the Project Site will be filled and graded to provide for effective surface water runoff. The current owner of the Project Site intends to undertake construction of the water and sewer infrastructure under Ferguson Avenue prior to the sale of the Project Site to Redeveloper, and such costs were negotiated as part of the acquisition costs for the Project Site. Storm sewer will be installed and extended as needed to properly collect and convey storm water.

c. Other incidental improvements

The Project Site is currently undeveloped and will require grading to provide effective drainage throughout the area. Portions of the site are heavily wooded and appear to contain the remnants of old farm buildings or other structures. There is also a sizeable dirt pile that may have been discarded during past dredging or filling efforts related to the nearby drainage. These areas will have to be cleared, excavated and engineered to provide proper structural sub-base for residential foundations.

Redeveloper will also extend electric utilities to each lot to be developed within the Project Site. The anticipated public improvements (and costs related to the public improvements) are listed in Exhibit "E", attached hereto and incorporated herein.

d. Additional public facilities or utilities

With the construction or extension of the utilities and infrastructure detailed above, Redeveloper and the City anticipate that the existing public facilities and utilities will adequately meet the demands of the Redevelopment Project.

e. Property Acquisition, Demolition and Disposal

No public acquisition of private property or relocation of families or businesses is necessary to accomplish the Redevelopment Project. Redeveloper intends to purchase the Project Site from the current owners subsequent to approval of this Redevelopment Plan.

f. Population Density

The Project Site currently sits undeveloped and vacant. The Redevelopment Project will increase population density in the area. However, the City desires an increase in population density in the area to provide additional housing in the City. Redeveloper will properly plat the Redevelopment Project to accommodate the increase in population density and construct adequate public infrastructure improvements to accommodate any increase in population density anticipated as part of the Redevelopment Project.

g. Land Coverage

Land coverage for the Project Site includes approximately 4 acres of undeveloped land. The Redevelopment Project will consist of the construction of approximately 13 single-family homes, with the footprint shown on the site plan set forth in Exhibit "C". The Redevelopment Project will comply with all applicable land coverage ratios required by the City.

h. Parking

Two off-street parking spaces per dwelling unit requirement applies to the Redevelopment Project.

g. Zoning, Building Code and Ordinance

The Project Site is currently zoned as R-1 (single-family residential). R-1 zoning allow for single-family residences. Accordingly, a zoning change is not required. Notwithstanding, Redeveloper will be responsible for all zoning, building code, or ordinance changes that are necessary for the Redevelopment Project.

3. Private Improvements

Private improvements for the Redevelopment Project Area consist of the construction of approximately 13 single-family homes over the course of three phases. Redeveloper or other builders taking reconveyance from Redeveloper will construct the private improvements. Section D of this Redevelopment Plan details the anticipated phasing of the private improvements.

G. Project Costs

The total estimated costs of the Redevelopment Project are \$3,331,114 (for all three phases). The estimated costs of the Redevelopment Project are attached and incorporated herein as Exhibit "D".

H. Implementation

Redeveloper is unable to undertake the construction in Phase One of the Redevelopment Project without some assurance that Redeveloper can undertake the additional phases. According to Redeveloper, it could not complete the initial public improvements for Phase One but-for the approval of the entire Redevelopment Project and, likewise, the subsequent phases of the Redevelopment Project would not occur but-for these initial public improvements. Accordingly, this Redevelopment Plan contemplates that the costs and expenses of all the public improvements for the Redevelopment Project are eligible TIF uses for each phase of the Redevelopment Project (as allocated). As such, Redeveloper may apply the TIF Indebtedness (defined below) generated from each phase of the Redevelopment Project toward the payment of the eligible expenses of the entire Redevelopment Project, if necessary.

The Redevelopment Project's construction schedule will depend on the rate that the residential dwelling units are sold, but based upon the current housing market and the need for housing in the City, Redeveloper anticipates that the each phase will be completed in approximately one year; provided that market demand and other extraneous factors may necessitate that Redeveloper completes one or more phases over a number of additional years. Redeveloper intends to commence the subsequent phase of the Redevelopment Project as soon as

the then-current phase is completed. Redeveloper anticipates the following construction schedule:

Phase One:

Construction start date: Upon TIF approval

Construction completion date: 12/31/2020

Phase Two:

Construction start date: 1/1/2021

Construction completion date: 12/31/2021

Phase Three:

Construction start date: 1/1/2022

Construction completion date: 12/31/2022

The anticipated start dates and completion dates for the three phases are preliminary and subject to change based upon market conditions, availability of materials, workforce availability and other extraneous factors. Additional phases or sub-phases spanning a number of years beyond the anticipated completion dates listed above may be necessary as a result of such extraneous conditions or factors.

Upon the completion of each phase or sub-phase thereof, Redeveloper will submit to the Agency an amendment to the "redevelopment contract" (as defined in the Act) on a form prescribed by the Agency. Each amendment to the redevelopment contract shall set forth the "effective date" (as defined in the Act) for the pertinent phase or sub-phase and must be submitted to the Agency on or before June 30 of the year in which taxes are to be divided for such phase or sub-phase.

I. Financing

The City and the Agency contemplate the use of TIF for the Redevelopment Project. Section 18-2147 of the Act authorizes the use of TIF. It provides that any ad valorem tax levied upon real property, or any portion thereof, in a redevelopment project shall be divided, for a period not to exceed fifteen years after the effective date as identified in the redevelopment contract, or amendment thereof, or in the resolution(s) of the authority authorizing the issuance of bonds pursuant to the Act, as follows:

- (a) That portion of the ad valorem tax the levy produces at the rate fixed each year by or for each public body upon the redevelopment project valuation shall be paid

into the funds of each such public body in the same proportion as are all other taxes collected by or for the body (“Base Tax Amount”); and

- (b) That portion of the ad valorem tax on real property, as provided in the redevelopment contract or bond resolution, in the redevelopment project in excess of the Base Tax Amount, if any, (referred to herein as “TIF Revenues”) shall be allocated to and, when collected, paid into a special fund of the authority to be used solely to pay the principal of, the interest on, and any premiums due in connection with the bonds of, loans, notes, or advances of money to, or indebtedness incurred by, whether funded, refunded, assumed, or otherwise, such authority for financing or refinancing, in whole or in part, the redevelopment project.

With respect to the Redevelopment Project, the actual base tax year and Base Tax Amount for each phase or portion thereof will be determined in the manner that will be set forth in the redevelopment contract, or amendment thereof, and/or the resolution(s) authorizing the TIF Indebtedness. The Agency and Redeveloper anticipate that the effective dates will be different for each of the phases, and/or portions thereof; and therefore the increment period for each phase and portion thereof will be different. It is further anticipated that the Agency will issue one TIF bond or note for the entire Redevelopment Project (i.e., for all three phases).

Notwithstanding any provision herein to the contrary, all tax revenues resulting from improvements constructed/installed after the commencement of the first portion of each phase or sub-phase thereof shall only be divided and allocated over the applicable 15-year increment period or until payment of the TIF Indebtedness, whichever occurs first.

1. Necessity of TIF

Redeveloper has represented and warranted to the City that it would not be economically feasible to develop the Redevelopment Project without TIF. In support thereof, Redeveloper provided the following pro-forma showing the economic viability of the Redevelopment Project without TIF:

	Investment Return - Without TIF		
	<i>Direct Costs</i>		
a.	Land acquisition	\$205,000	
b.	Soil Sampling/Boring/Compaction Test	\$5,000	
c.	Demolition/Grading	\$30,096	
d.	SWPP/erosion controls/seeding	\$3,000	
e.	Water services / Water extension	\$16,080	
f.	Sanitary services / Sanitary Extension	\$17,544	
g.	Storm Sewer / Retention / Drainage	\$20,000	
h.	Paving	\$41,919	
i.	Electrical Infrastructure	\$21,000	
j.	Sidewalks	\$31,608	
k.	Contingencies	\$20,000	
l.	Engineering / surveying / platting	\$25,000	
m.	Legal fees (city and developer)	\$24,000	
n.			
	<i>Total Direct Costs</i>		\$460,247
	<i>Indirect Costs</i>		
n.	Interest	\$55,227	100%/67%/33%
o.	Taxes	\$11,205	
p.	Insurance	\$1,500	
q.	Maintenance / SWPP Compliance	\$9,750	
s.	Marketing and Sales	\$17,160	
	Overhead / Project Management	\$46,025	10% of direct costs
	<i>Total Indirect Costs</i>		\$140,867
	Total Direct & Indirect Costs		\$601,114
	<i>Revenues</i>		
	Revenues 13 lots @ \$23,000 ea	\$299,000	
	Total Revenue		\$299,000
	Annual pre-tax return each of 3 years		(\$100,705)

As shown above, the Redevelopment Project would result in a considerable loss without TIF. Accordingly, the Redevelopment Project is not economically viable without the assistance of TIF and Redeveloper would not construct the Redevelopment Project without TIF. Additionally, due to significant public improvement costs, Redeveloper cannot construct the Redevelopment Project without the use of TIF for all phases of the Redevelopment Project. Construction of Phase One is not feasible without the intent to complete all the phases, and

Phases Two and Three are not feasible without the use of TIF. Thus, the approval of TIF for all three phases is critical to Redeveloper's undertaking of the Redevelopment Project.

2. Sources and Uses of Financing

Based upon the projections provided in Exhibit "E", attached hereto and incorporated herein, the Agency and Redeveloper contemplate issuance of a single TIF bond or note (the "TIF Indebtedness") not to exceed \$418,874 at an interest rate not to exceed 8.0%. Notwithstanding the foregoing, the principal amount shall not exceed the TIF-eligible costs incurred by Redeveloper, and the total principal and interest shall not exceed \$872,517 amortized over 17 years in accordance with the amortization table provided in Exhibit "E". The final principal and interest amount comprising the TIF Indebtedness shall be determined by the Agency and set forth in the redevelopment contract or bond resolution.

The total estimated cost of the Redevelopment Project is \$3,331,114. Redeveloper anticipates that the balance of the public and private costs exceeding the TIF Indebtedness will be financed by a mix of equity and traditional bank financing. Redeveloper and the Agency will provide a more detailed breakdown of the TIF sources and uses in the redevelopment contract, or amendments thereof, for each phase of the Redevelopment Project. The above figures are only projections and are subject to change as a result of market conditions and other extraneous factors, and may be revised in the redevelopment contract for Phase Two and Phase Three.

J. Cost-Benefit Analysis

A cost-benefit analysis for the Redevelopment Project is attached as Exhibit "F" and incorporated herein.

Exhibits:

- Exhibit A: Project Site and Existing Land Use
- Exhibit B: Future Land Use Map
- Exhibit C: Site Plan and Future Land Use
- Exhibit D: Estimated Construction Cost of the Redevelopment Project
- Exhibit E: Sources and Uses of TIF
- Exhibit F: Cost-Benefit Analysis

EXHIBIT "A"

Project Site and Existing Land Use

Legal Description:

Tracts of land located in the Northwest 1/4 of the Southeast 1/4 and the Southwest 1/4 of the Northeast 1/4 of Section 26, T24N, R1W of the 6th P.M., Madison County, Nebraska, more particularly described as follows:

Lots 1, 2, 3 and 4, Block 1, Nor-Park Subdivision to the City of Norfolk, Madison County, Nebraska.

AND

Beginning at the Northwest corner of Nor-Park II Subdivision to the City of Norfolk, Madison County, Nebraska; thence N 88°03'14" E on the North line of said Nor-Park II Subdivision, 385.91 feet to the Northeast corner of said Nor-Park II Subdivision, said point being the centerline of North Fork of the Elkhorn River; thence N 23°24'41" W on said centerline, 171.44 feet; thence S 88°02'47" W, 322.24 feet to the Northeast corner of Lot 4 of Nor-Park Subdivision to the City of Norfolk, Madison County, Nebraska; thence S 01°36'43" E on said East line, 159.51 feet to the Point of beginning, containing 1.30 acres more or less.

AND

Beginning at the Northwest corner of Lot 2, Block 1, Nor-Park Subdivision to the City of Norfolk, Madison County, Nebraska; thence N 01°36'14" W on the East Right-of-Way line of Ferguson Drive, 20.86 feet to a point of curvature; thence Northwesterly on a 144.50 foot radius curve to the left on said East Right-of-Way line, 218.56 feet of which said curve has a chord bearing of N 43°44'23" W, 198.32 feet; thence N 87°04'24" W on the North Right-of-Way line of Pasewalk Avenue, 43.49 feet to the Southeast corner of Lot 1, Block 8, Green Acres Subdivision Fourth Platting to the City of Norfolk, Madison County, Nebraska; thence N 01°16'23" W on the East line of said Lot 1, 127.07 feet; thence N 88°29'47" E, 31.68 feet to a point of curvature; thence Southeasterly on a 274.50 foot radius curve to the right 429.03 feet of which said curve has a chord bearing of S 46°43'43" E, 386.67 feet; thence S 01°57'13" E, 24.76 feet to a point on the North line of said Nor-Park Subdivision; thence S 88°02'47" W on said North line, 130.18 feet to the Point of Beginning, containing 1.15 acres, more or less.

TOGETHER WITH

All public rights-of-way adjacent thereto.

* Subsequent to the approval of this Redevelopment Plan, the Redeveloper intends to subdivide the Project Site as shown on Exhibit "C". Subsequent to said subdivision, the above legal description shall be replaced with the legal description provided in the replat of the Project Site approved by the City.

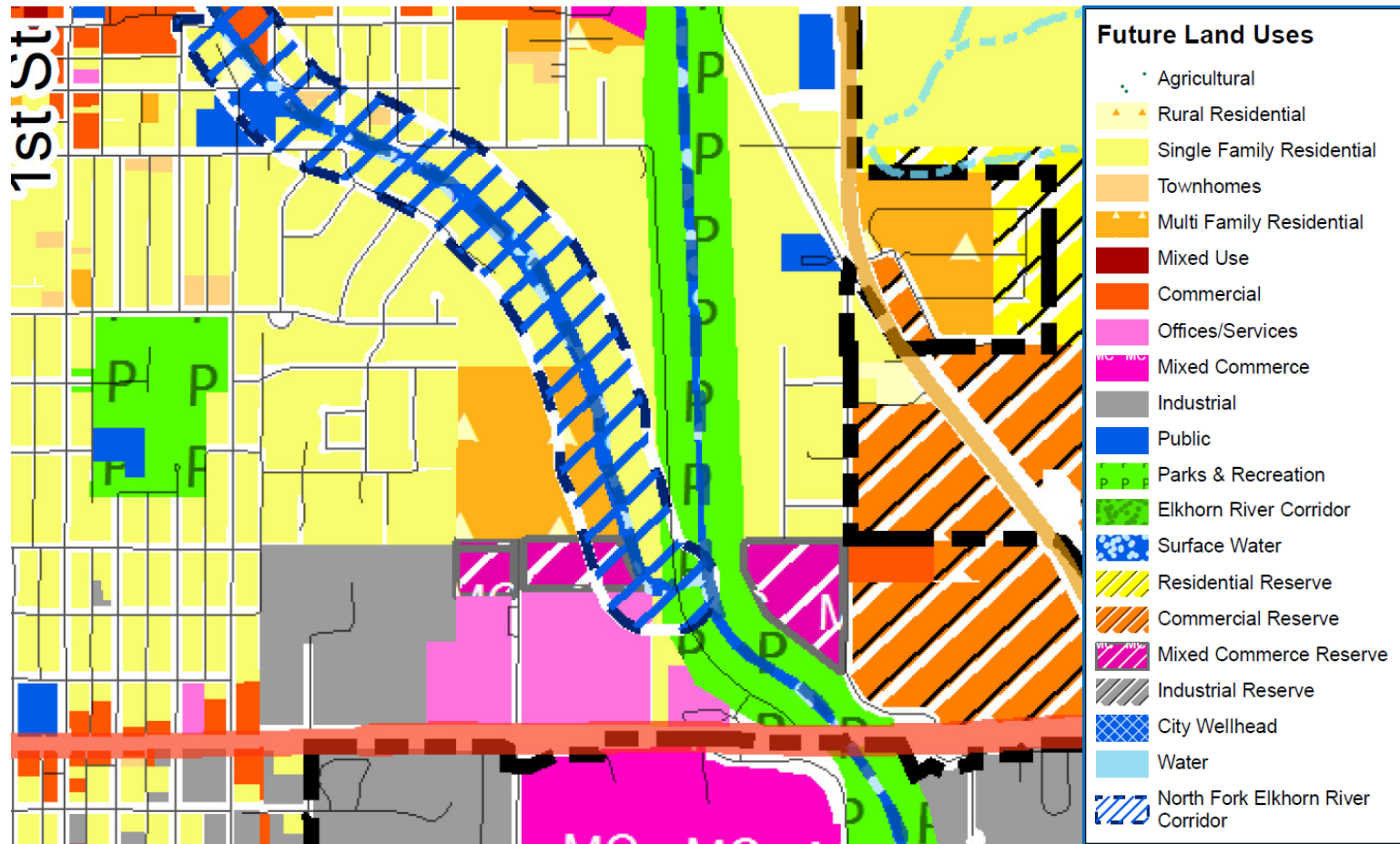
Depiction (outlined in red):



* Project Site outlined in red.

EXHIBIT "B"

Future Land Use Map



* Project Site designated as Single Family Residential.

Site Plan and Future Land Use

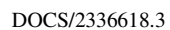


EXHIBIT "D"

Estimate of Construction Costs

Land acquisition	\$205,000
Site Preparation/Development (itemized below)	
Soil Sampling/Boring	\$5,000
Demolition/Grading	\$30,096
SWPP/erosion controls/seeding	\$3,000
Water Services/Extension	\$16,080
Sanitary Sewer	\$17,544
Storm Sewer	\$20,000
Paving	\$41,919
Electrical	\$21,000
Sidewalks	\$31,608
Private Hard Construction Costs	\$2,730,000
Architectural/engineering fees/platting	\$25,000
City's Legal fees	\$15,000
Redeveloper's Legal Fees	\$9,000
Interest	\$55,227
Taxes	\$11,205
Insurance	\$1,500
Maintenance/SWPP Compliance	\$9,750
Marketing and Sales	\$17,160
Overhead/Project Management	\$46,025
Contingencies	\$20,000
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TOTAL:	\$3,331,114

* The above estimates are preliminary estimates and subject to change.

** For the project costs that will not be incurred immediately but will occur when Phase Two or Phase Three commences, the numbers set forth above are estimated values based on 2019 pricing. These preliminary estimates are subject to change, as Redeveloper has no control over the change in cost of materials and services between the time of the approval of this Redevelopment Plan and commencement of the work on later phases.

EXHIBIT "E"

Sources and Uses of TIF

USES

Land acquisition	\$205,000
Site Preparation/Development (itemized below)	
Soil Sampling/Boring	\$5,000
Demolition/Grading	\$30,096
SWPP/erosion controls/seeding	\$3,000
Water Services/Extension	\$16,080
Sanitary Sewer	\$17,544
Storm Sewer	\$20,000
Paving	\$41,919
Electrical	\$21,000
Sidewalks	\$31,608
Architectural/engineering fees/platting	\$25,000
City's Legal fees	\$15,000
Redeveloper's Legal fees	\$9,000
Interest	\$55,227
Contingencies	\$20,000
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TOTAL:	\$515,474

SOURCES

Assumptions:

Base Value: \$20,000 (per unit)
Number of units: 13
Final Value: \$250,000 (per unit)
Total Final Value: \$3,250,000

Tax Levy (2018): 1.96503
TIF Indebtedness: \$463,850
Interest Rate: 8.00%

Amortization:

Phase	1	2	3
Effective Date	2020	2021	2022
# of Units (Single Family)	4	4	5
TIF Period	15	15	15
Base Value (subphase)	\$80,000	\$80,000	\$100,000
Base Taxes (subphase)	\$1,572	\$1,572	\$1,965
Completed Value	\$1,000,000	\$1,000,000	\$1,250,000
Total Taxes	\$19,650	\$19,650	\$24,563
Tax Increment	\$18,078	\$18,078	\$22,598
less 1% fee	\$17,897	\$17,897	\$22,372
Phase Years	1 to 15	2 to 16	3 to 17

Year	Phase 1	Phase 2	Phase 3	Aggregate
1	\$17,897	\$0	\$0	\$17,897
2	\$17,897	\$17,897	\$0	\$35,794
3	\$17,897	\$17,897	\$22,372	\$58,166
4	\$17,897	\$17,897	\$22,372	\$58,166
5	\$17,897	\$17,897	\$22,372	\$58,166
6	\$17,897	\$17,897	\$22,372	\$58,166
7	\$17,897	\$17,897	\$22,372	\$58,166
8	\$17,897	\$17,897	\$22,372	\$58,166
9	\$17,897	\$17,897	\$22,372	\$58,166
10	\$17,897	\$17,897	\$22,372	\$58,166
11	\$17,897	\$17,897	\$22,372	\$58,166
12	\$17,897	\$17,897	\$22,372	\$58,166
13	\$17,897	\$17,897	\$22,372	\$58,166
14	\$17,897	\$17,897	\$22,372	\$58,166
15	\$17,897	\$17,897	\$22,372	\$58,166
16	\$0	\$17,897	\$22,372	\$40,269
17	\$0	\$0	\$22,372	\$22,372
TOTAL				\$872,490

* The above "sources" for the Redevelopment Project are estimates based upon the assumptions listed in section 1 of the cost-benefit analysis attached as Exhibit "F".

EXHIBIT "F"

Cost-Benefit Analysis (Pursuant to Neb. Rev. Stat. § 18-2113)

The cost-benefit analysis for the Redevelopment Project, as described in the attached Redevelopment Plan, which will utilize funds authorized by section 18-2147 of the Act, is provided below:

1. Tax shifts resulting from the approval of the use of funds pursuant to Section 18-2147:

The taxes generated by the base value of the Project Site will continue to be allocated between the relevant taxing jurisdictions pursuant to the Act. Only the incremental taxes created by the Redevelopment Project will be captured to pay for the project's eligible public expenditures. Since the incremental taxes would not exist without the use of TIF to support the Redevelopment Project, the true tax shift of the Redevelopment Project is a positive shift in taxes after 15 years. However, for the purposes of illustrating the incremental taxes used for TIF, the estimated 15 year tax shift for each phase and sub-phase of the Redevelopment Project is set forth in Exhibit "E" of the Redevelopment Plan.

Notes:

- 1. The assessed value of the three parcels from which the site will be comprised for January 1, 2019 was as follows:*
 - *Lots 1-4: \$5,965*
 - *Parcel No. 590045091: \$5,419*
 - *Parcel No. 590044996: \$5,338 (portion of 10 acre parcel)*
- 2. The land acquired by the Redeveloper within these three parcels will be re-platted prior to the effective date. It is anticipated that, upon platting, the approximate base value for that portion of the project site included in each phase shall be as follows:*
 - *Phase One: \$80,000*
 - *Phase Two: \$80,000*
 - *Phase Three: \$100,000*
 - *Total: \$260,000*
- 3. All phases assume the assessed value of the replatted lots as the base value.*
- 4. The Projected Tax Increment is based on assumed values and levy rates; actual amounts and rates will vary from those assumptions, and it is understood that the*

actual tax shift may vary materially from the projected amount. The levy rate is assumed to be the 2018 levy rate. There has been no accounting for incremental growth over the 15 year TIF period.

2. Public infrastructure and community public service needs impacts and local tax impacts arising from the approval of the redevelopment project:

a. Public infrastructure improvements and impacts:

The Project requires extensive public infrastructure installation. The Project Site will require additional public roadways to access and serve the Project Site. The Redevelopment Project will include the extension of East Bluff Avenue, installation of water and sanitary sewer main-lines and service lines, electrical infrastructure, sidewalks, storm sewer, grading, site clearing and disposal, import of structural fill material, and extension of related utilities. The public improvements for the Redevelopment Project will address any traffic and street infrastructure concerns that would otherwise be created by the Redevelopment Project. The current owner of the Project Site intends to undertake construction of the water and sewer infrastructure under Ferguson Avenue prior to the sale of the Project Site to Redeveloper. It is the intent of this Redevelopment Plan that such infrastructure and site preparation be paid for by the Redeveloper with such cost to be reimbursed by TIF. The Agency and Redeveloper do not anticipate that the Redevelopment Project will have a negative impact on City infrastructure or services due to its relatively small size.

b. Local Tax impacts (in addition to impacts of Tax Shifts described above):

The Redevelopment Project should create material tax and other public revenue for the City and other local taxing jurisdictions. While the use of TIF will defer receipt of a majority of new ad valorem real property taxes generated by the Redevelopment Project, the Redevelopment Project should generate immediate tax growth for the City. The Redevelopment Project and new residences therein will require and pay for City services. Additionally, the City will collect sales tax on a portion of the materials used for the Redevelopment Project. It is not anticipated that the Redevelopment Project will have any material adverse impact on such City services, but will generate revenue providing support for those services.

3. Impacts on employers and employees of firms locating or expanding within the boundaries of the area of the redevelopment project:

It is not anticipated that any employers will be located within the Project Site. However, the Redevelopment Project is anticipated to provide needed additional housing for employees of businesses in the area. The construction of approximately 13 additional housing units should

generate a new pool of employees for employers of such businesses. TIF will allow these houses to be reasonably priced. Accordingly, the Redevelopment Project is not anticipated to have an adverse impact on employers and employees of firms locating or expanding within the boundaries of the area of the redevelopment project.

4. Impacts on other employers and employees within the City and the immediate area that is located outside of the boundaries of the area of the redevelopment project:

The Redevelopment Project should have a material positive impact on private sector businesses and citizens outside the boundaries of the Project Site. The Redevelopment Project will involve installation of public utilities, and the use of TIF should defray the costs of these and other public improvements that would otherwise be paid through tax revenue or special assessments that would burden adjacent property owners. The Redevelopment Project will provide much needed housing in the community, which will benefit employers, employees, and the City in general. Further, the housing units constructed as part of the project should increase the need for services and products from existing businesses, such as household products and general consumer services. Accordingly, the Redevelopment Project is anticipated to have a positive impact on surrounding employers and employees.

5. Impacts on student populations of school districts within the City:

The increase of population density within the Project Site will naturally result in an increase in school-aged children within the school district. However, there is no indication that the schools within the district are unable to withstand an increase in enrollment proportionate to the relatively small size of the Redevelopment Project. The school district will not receive taxes from the residences built during the time the increased taxes are utilized to pay the TIF indebtedness. The school district has received state aid for education in the past. Part of the school aid formula involves assessed valuation in the school district. The valuation that generates the TIF payments is not included in the formula and does not count against the state aid that the school district would receive. Taxes on any increase in the base value of the land will benefit the school district. After the TIF indebtedness is paid, or at the end of the respective 15 years of division of taxes, whichever is sooner, the increased valuation from the residential construction will be available to the school district. As such, Redeveloper and the Agency do not anticipate a negative impact on the school district.

6. Other impacts determined by the Agency to be relevant to the consideration of costs and benefits arising from the redevelopment project:

The Project Site is blighted and contains substandard conditions that are a detriment to the City as a whole. The Redevelopment Project will revitalize and occupy a vacant space without negatively impacting the surrounding businesses, residents or straining the public infrastructure. There are no other material impacts determined by the Agency relevant to the consideration of the cost or benefits arising from the Redevelopment Project. As such, the costs of the Redevelopment Project are outweighed by its benefits.